



INTEROFFICE CORRESPONDENCE

DATE: S. P. Sitze, Procurement, Bldg. 051, X9329
 TO: *BKH* B. K. Hasenack, Solar Pond Projects/CM, Bldg. 080, X8605
 FROM: September 8, 1994
 SUBJECT: TECHNICAL EVALUATION FOR REMOVAL OF CEMENT SILOS AND
 STRUCTURAL STEEL AT BLDG. 788 - BKH-007-94
 DOE Order: 4700.1
 Action: None Required

The proposed work was based on the design removal package and the statement of work for the Removal of Cement Silos and Structural Steel at Bldg 788. A project walkdown was performed twice and the attendees were J. A. Jones, EG&G Solar Pond Projects (SPP), Construction Management, and EG&G Estimating.

A review of the J. A. Jones proposal for the above mentioned project has been performed. The following recommendations are provided for your use in finalizing this effort.

General Comments:

The proposed J. A. Jones cost is \$68,824, the Government cost estimate is \$100,322 for a cost variance of 31%. Based on the project walkdowns and discussions with the subcontractor, I feel both EG&G cost estimating and J. A. Jones understands the requirements and scope of this project. The assumptions used for the basis of proposal was consistent with both EG&G and J. A. Jones estimating. The cost and hour comparison is broken out as follows.

	<u>Proposed Cost</u>	<u>Direct Labor</u>	<u>Mater/Equip.</u>	<u>Admin. Cost/hrs.</u>
J. A. Jones:	\$ 68,824.00	1640 hrs	\$ 3,600.00	\$5,139/160 hrs
EG&G:	\$100,322.00	2048 hrs	\$10,594.00	\$7,388/230 hrs

Specific Comments:

1. Labor hours
 The J. A. Jones estimate for labor hours is 408 hrs or 20% less then the Government estimate. The three major variances in the cost proposals exist in the removal of silo #1(a), removal of silo #2(b.) and mob/demob & equipment operation (c).
- a. The J. A. Jones estimate reflects a total of 760 labor hrs to remove silo #1, the Government estimate shows 972 labor hours to remove silo #1, for a delta of 212 hours. The building factors applied to both estimates are at 20%, no respirator factor was applied to neither estimate. The discrepancy is within the size reduction and crating of the silo. J.A. Jones estimate shows 100 labor hours, Government estimate reflects 311 hours. Discussions/fact finding with J. A. Jones reflects that they are comfortable with these labor hours and feel this number should reflect the actual duration.

DOCUMENT CLASSIFICATION
 REVIEW WAIVER PER
 CLASSIFICATION OFFICE

ADMIN RECORD

- b. The J. A. Jones estimate exceeds the government estimate by 292 labor hours (573 hrs vs. 281 hrs) for the removal of silo #2. The discrepancy is in the removal of the cement from silo #2. J.A.Jones estimates 360 labor hours to remove the cement while the government estimate shows 53 hours. The government estimate is low, my independent estimate is 3 men/1 week for a total of 120 hours to remove cement. The J. A. Jones removal costs for the actual silo appear low at 60 hours, the Government estimate reflects a more accurate number at 175 hours to remove the silo.
 - c. The J. A. Jones estimate has operator costs built into their individual tasks such as remove silo #1, remove cement, etc., the Government estimate provides a level of effort for the duration of the project for operator support. The Government estimate reflects an additional 488 hours above the J. A. Jones proposal for these activities. The assumption used by EG&G cost estimating was that one full time operator would be required for the duration of project, J. A. Jones has applied operator support directly to the specific activities and has built them into direct support for each activity. Because of the difference in estimating rational, the figures can not be fairly evaluated. Fact finding both in the field and on the phone has provided J. A. Jones and EG&G with valuable information, J. A. Jones has stated that they are comfortable with their estimate and that additional hours are not required.
2. Administrative Cost
The administrative/technical services for J. A. Jones is estimated at \$5,139 (160 hr.) and the Government estimate is \$7,388 (230 hr.). The difference is in J. A. Jones hours for Safety and QA/QC. It appears the Government estimate may have had additional hours not required for QA/QC and Safety.
 3. Equipment/Material Cost
The J. A. Jones estimate for equipment is \$3600 while the government estimate is \$10,594. The major driver in cost variance is the rental cost for the crane. J. A. Jones has estimated a 3 week duration at \$1,200/wk while the Government estimate shows a 4 week duration at \$1,400/wk. The J. A. Jones estimated duration for this project is five weeks, in the event that this schedule is met, the crane hours should be adequate. The government cost estimate reflects a cost of \$1,200 purchase price for the trucks (wheel set-up) and tung for the portable silo. This cost is not required, the tung and trucks for this unit are located at PU&D.

Conclusion:

The J. A. Jones proposal is 31% less then the Government cost estimate. My technical evaluation of both the Government cost estimate and J. A. Jones cost proposal provided me with the information as detailed above. I feel the J. A. Jones cost proposal is low in both the operator support as well as general labor support. My fact finding discussions with J. A. Jones in concern of their estimate has led me to believe that they do understand the scope of the job based on the Statement of Work (SOW) and the two project walkdowns. I suggest that the subcontract be awarded for the proposed amount of \$68,824.00

The initial requirements of the subcontract will be to provide both a written strip-out plan and a detailed work schedule for review and approval. If you have any further questions or concerns, please contact myself at the above extension.

S. P. Sitze
September 8, 1994
BKH-007-94
Page 3

pjm

cc:

E. I. Atchison
M. R. Austin
T. E. Kramer
J. A. Ledford

M. C. McKee
J. A. Sims
ERM Records (2)
File